



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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SACHI A. HAMAI  
Interim Chief Executive Officer

Board of Supervisors  
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First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

September 14, 2015

To: Supervisor Michael D. Antonovich, Mayor  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

From: Sachi A. Hamai  
Interim Chief Executive Officer

## **FORMAT AND CONTENT OF AN ANNUAL REPORT EVALUATING THE IMPACT OF A MINIMUM WAGE ORDINANCE (ITEM NO. 11, AGENDA OF JUNE 23, 2015)**

On June 23, 2015, on a motion by Supervisors Hilda Solis and Don Knabe, your Board instructed the Interim Chief Executive Officer (CEO) to report back with a format and content of an annual report evaluating the impact of a minimum wage increase on small businesses in unincorporated Los Angeles County, and on the overall health of the regional economy.

Enclosed is a report by Halsey Consulting (Consultant), who researched and analyzed annual reporting practices of other municipalities that have implemented similar minimum wage ordinances, published research and articles regarding the potential impact of minimum wages increases. The Consultant found that while none of the municipalities publish annual reports that specifically address and evaluate the impact of the minimum wage on small business, there is a variety of information published by various research organizations, policy groups, economists, special interest groups, and university research centers.

As a result, it is recommended that the Department of Consumer and Business Affairs be instructed to contract with a specialized and qualified firm to specifically identify data collection elements regarding the impact of the minimum wage and to conduct a baseline study of the regional economy prior to the implementation of the County's minimum wage ordinance.

*"To Enrich Lives Through Effective And Caring Service"*

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Each Supervisor  
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Through these efforts, a comprehensive annual report can be developed to reflect the impact of the minimum wage on small businesses in the unincorporated areas and the overall health of the regional economy. It is anticipated that such a report will be developed and presented to the Board by March 15, 2016.

Should you have any questions, or need additional information, please contact Brian Stiger, Director of Consumer and Business Affairs, at (213) 974-9750.

SAH:JJ:SK  
BM:cc

Attachment

c:     Executive Office, Board of Supervisors  
         County Counsel  
         Community and Senior Services  
         Consumer and Business Affairs

DCBA\_Regional Economy and impact of MW.091115.bm.docx

# A Report to the Los Angeles County Board of Supervisors

Recommending

An Approach and Format for Reporting on the Implementation of the  
LA County Minimum Wage Ordinance

Submitted on September 3, 2015

Prepared by Halsey Consulting  
Barbara Halsey, Principal

In cooperation with  
The County Chief Executive Office  
Community and Senior Services  
and  
The Department of Consumer and Business Affairs

**Halsey**  
CONSULTING

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## Executive Summary

On June 23, 2015, on a motion by Supervisors Hilda Solis and Don Knabe, the Board instructed the Interim Chief Executive Office (CEO), the Director of the Department of Consumer and Business Affairs (DCBA), and the Director of Community and Senior Services (DCSS), to report back in 21 days with a proposed plan for using County resources to support and assist small businesses in unincorporated areas of Los Angeles County (County) in the transition to an increased minimum wage, if such an increase was approved by the Board. As directed, this report was submitted to the Board on July 15, 2015.

Additionally, the CEO was instructed to report back within 21 days on the format and content of an annual report evaluating the impact of a minimum wage increase on small businesses in unincorporated areas of the County and on the overall health of the regional economy. Following discussions with each Board office, September 15, 2015 was established as the due date for this report. Halsey Consulting was asked to propose a format and content for the annual report requested by the Board.

To accomplish this work, Halsey Consulting researched annual reporting practices of other municipalities that have implemented similar minimum wage ordinances, a review of published research and articles regarding the potential impacts of minimum wage increases, and analyzed all information reviewed. This report provides a summary of the analysis done and recommendations for information that should be considered for inclusion in the future annual report format utilized by the Board.

## Recommendation

It is recommended that the Board instruct the Department of Consumer and Business Affairs to contract with a qualified firm to perform the following:

- Conduct a baseline study of the regional economy prior to implementation of the minimum wage increase.
- Identify specific data collection elements regarding the impact of the increased minimum wage on small businesses in the unincorporated areas, the regional economy and social impact.
- Monitor and evaluate the accomplishments of the Small Business Initiative.
- Develop and present annual reports to the Board beginning September 2018 through September 2022.

## Background

On July 21, 2015, your Board passed a motion to increase the minimum wage to \$15.00 per hour in the unincorporated areas of the County by July 1, 2020, for employers with 26 or more personnel, and by July 1, 2021, for employers with 25 or fewer personnel. In addition, your Board adopted a recommendation to establish a Small Business Initiative (SBI) to develop and deliver the comprehensive offerings and information needed by small businesses to effectively implement the proposed minimum wage increase.

Your Board is interested in studying and reporting on the implementation of this ordinance and its resulting impact on the local economy. As a result, your Board requested a proposed format and content for an annual report evaluating the impact of a minimum wage increase on small businesses in the unincorporated areas and on the overall health of the regional economy.

## **Approach**

In order to develop recommendations on the possible content and format for this proposed report Halsey Consulting engaged in extensive research and review of articles, reports from municipalities that have enacted similar ordinances, published news articles and independent research articles addressing the implications of such ordinances. The goal of this research was to identify current practices related to annual reporting on the impacts of minimum wage ordinances, understand categories of information and data types that are included in similar reports as well as how the content of these reports was typically organized.

## **Results**

Research completed revealed that 22 municipalities (excluding the County of Los Angeles and the City of Los Angeles) have passed minimum wage ordinances. Of that number, over one half of the ordinances have implementation dates occurring in 2015 and 2016. Of the municipalities that have enacted minimum wage ordinances research efforts did not find municipalities that have produced annual reports specifically focused on the impacts of the minimum wage increase on small businesses and on the overall health of the regional economy. Three municipalities do publish annual reports that addressed the activities and outcomes associated with enforcement of the minimum wage ordinance. The information published regarding the realized effects of like ordinances is typically produced by research organizations, policy groups, economists, special interest groups, and university research centers.

Reports reviewed revealed four broad themes that, if studied longitudinally, could demonstrate the effects of the Board's minimum wage ordinance on small businesses in the unincorporated areas and on the overall health of the regional economy.

## **Recommended Approach and Suggested Content**

It is recommended that the Board instruct the Department of Consumer and Business Affairs to contract with a qualified firm to perform the following:

- Conduct a baseline study of the regional economy prior to implementation of the minimum wage increase.
- Identify specific data collection elements regarding the impact of the increased minimum wage in the unincorporated areas of the County as it pertains to
  - Effects on Minimum Wage Workers-Including information on impacts by gender, age, race, special population, annual income, hours worked, benefits received and other information that may be deemed of interest by the Board

- Effects on Small Businesses in specified areas-Including information on strategies used to implement the wage ordinance, change in the type and number of businesses in the unincorporated areas; effect on employee hiring and retention and other information that may be deemed of interest by the Board
- Effects on the Economy in specified areas-Including economic stimulus resulting from increased consumer spending, changes in economic indicators such as cost of living, job availability, business attraction/retention, and other information that may be deemed of interest by the Board
- Social Impact-Including information on incidence of working families receiving public/social support services, monitoring of employment/unemployment rates among minimum wage workers, economic well-being of workers receiving increased wages
- Monitor and evaluate the accomplishments of the Small Business Initiative.
- Develop and present annual reports to your Board beginning September 2018 through September 2022.